



HOLTZ RUBENSTEIN

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Attention Mileage Fanatics!

If you have the Delta SkyMiles credit card (issued by American Express), you could be the beneficiary of plenty of "tax" miles. Read on.

For those of you who have the card, you know that you always get double miles for your purchases at supermarkets, gas stations, pharmacies, and the US Post Office. Did you know that you also can get DOUBLE Delta miles by charging your Federal income tax payment by April 16, 2001 (you only get one SkyMile for each state tax payment that you charge to the card, so we won't discuss that because, as you will see, it is not worth your while, mileage-wise.)

We have not been enthused about charging income taxes to a credit card, except in special circumstances, because of the approximately 2.5% "convenience fee" imposed by the provider. Since most people view miles as equal to about 2 cents per mile, the cost outweighs the benefit. But with double Delta miles, if you subscribe to the 2 cents per mile theory, your Federal income tax charge puts you up by 1.5 cents per mile. That is, if you charge a \$1,000 Federal income tax payment, the convenience fee will equal about \$25 and you will get 2000 Delta miles.

For telephone numbers and more on just how you can charge your tax payments to your credit card (not only the Delta Sky Miles credit card, but others as well), see the February, 2001 issue of the HR Adviser or visit the "HR Adviser" section of our website, www.hrcpa.com. But remember, only the SkyMiles card offers double miles and the FEDERAL payment must be made by April 16, 2001.

This Month

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Notable and Quotable

Reporting to the IRS isn't only mandatory, it could be beneficial – especially for not-for-profit organizations. Form 990 was the subject of a recent seminar for the Suffolk chapter of the New York State Society of CPAs ("NYSSCPA") given by HR partner **Gordon Siess** and supervisor **Michael Mikulski**. "The Internet is making Form 990 more widely available than ever before and not-for-profits should capitalize on this opportunity to increase public knowledge of their mission statements and programs offered," said Gordon. For more information, please call him at 631-752-7400, extension 315.

As the stock market continues its roller coaster ride, what should public companies be doing to ensure their profitability? In the second of a continuing SEC seminar series, Holtz Rubenstein partnered with the law firm Ruskin, Moscou, Evans and Faltischek, P.C. to present "SEC Hot Topics: Things You Should Know For 2001." HR audit manager **Pat Fahey** discussed the SEC's recently issued guidelines on revenue recognition, the pitfalls of option repricing, improper earnings management and changes to EDGAR filings in 2001.

"Develop or Decline" was the theme at the annual European Partners' meeting of DFK International, the worldwide association of independent accounting and business advisory firms, in Vienna, Austria. HR senior tax partner **Alan E. Weiner**, a member of the Executive Committee of DFK International, addressed the members about the creation of Holtz Rubenstein Benefits Consulting, our new service

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Marketing: Focus on Your Business

All businesses, even the most successful ones, have to constantly review their marketing strategy. However, many businesses think that marketing only entails advertising and coming up with a print or other media ad. But marketing means not only getting your company's name out, it also means associating it with a particular image, managing how it is perceived, and targeting the right audience. Does your business impart the image you think it does? Whether your business is "bricks and mortar" or web-based, the same tactics can be used.

Learn from your competitor. Every once and a while, visit a competitor or another successful business in your area. Try to view these businesses as a customer would and determine what attracts them. What makes the other store inviting? Is it the entrance, displays, lighting, interior design? It can be something as simple as the height or position of the checkout counter that

makes it easier for people to place their purchases. If you have a web site, you should ask similar questions. What features does my competitor's website have? Is it easy to maneuver around the website? Can I find what I'm looking for quickly?

Take a customer's eye

view. Next, take that customer's view of things and apply it to your own business. How is your own storefront? Is it too cluttered? Does it have a theme or unifying design? Does it have something that will attract a customer's eye and keep it? Do I change the window and indoor displays enough to make people come often?

These same questions can be asked of a website. How is the "entrance" to the store, i.e., the home page. Is it inviting? Does it take too long to load?



Know your target audience. Habits are easy to form and hard to break. It's easy to get accustomed to looking at your business in one way, and forget that your customers don't necessarily see it the same way. For instance, maybe the store is viewed as catering to a younger or older demographic than you want to attract. Or maybe your website has items in categories that are too broad or too specific and make it hard for a customer to find what he or she is looking for. Ask someone from your target group, a relative, employee, friend, or customer, to walk with you through your store or website and make suggestions.

Advertising quality, not quantity. One well-placed advertisement or successful promotion can do much more than a year's worth of general advertising. If you do wholesale, perhaps a trade magazine or trade association newsletter may be a better place for your print ad than the yellow pages. If you are a small main street retailer, a special promotion, such as a visit from a local personality or a radio broadcast from the store location, may get you more foot traffic and new customers. If you have employees, ask them for ideas and reward them for the ones you use.

Don't hesitate to look at your "tried and true methods" in a new light. Suppose you want to expand your mailing list. Look for a complementary business, and do a mailing list swap. For example, suppose your store specializes in decorative lamps, and another one in the next town specializes in high-end decorative furniture. You feel your clients are similar but come from different communities. You could swap lists and help each other expand client bases.

Good marketing means always keeping a fresh outlook on your business. Whether it means looking from your customer's viewpoint or changing your own, doing so can help your business stay in tune with current customers and emerging trends, and can give you new ideas to reach new customers.

Cybernotes-LibrarySpot.com

There used to be a time, not too long ago, when people seeking a book or students doing research had only one option – they would make a trip to the public library. Once there they would head for the card catalog, search through cards and shelves, looking for books that might already have been checked out.

Today, there is an alternative – using the Internet as a research tool. Unfortunately, the Internet can be quite overwhelming due to the abundance of information available. **Libraryspot.com** is an information portal that simplifies research on the World Wide Web by bringing together all of the best reference sites in a very user-friendly way. At **Libraryspot.com** you can link directly to encyclopedias, dictionaries, calculators, maps, phone books, quotations, statistics and more. You can use the *Reading Room* to read online books, magazines and newspapers or browse through academic, medical or law journals.

One of the most useful features of **Libraryspot.com** is the link to actual brick and mortar libraries. You can link to academic libraries, governmental libraries and even your own local public library. In many cases, you can browse through the library's catalog and find out what is on the shelf before you get there. Some libraries will even allow you to reserve a book on line.

Next time, when you want to find a particular book or your child has a research project for homework, before you travel to the library, consider **Libraryspot.com**.



Internet Access - Is Speed Worth The Price? By Anthony J. Romano, CPA

The answer to the title question is...
“It depends!”

Unfortunately, there is no clear-cut answer to the question. Everyone has personal preferences and needs. If you are a patient individual and have time to spare, a modem connection may suffice. But for some, no matter how fast the connection, it is not fast enough!

To assist in deciding which type of Internet access is right for you, we will be comparing dial up connections vs. broadband. For discussion purposes, the definition of **dial up** is *connecting to the Internet using a modem over a standard telephone line*. **Broadband** is *connecting to the Internet with anything faster than a dial up connection*. Included in the broadband category, listed in the order from slowest to fastest, are ISDN, DSL, Cable Modem and T1.

In general, dial-up connections are sufficient if speed isn't an issue; you are a casual or single user; and/or you are a frequent traveler who uses a laptop. A better choice might be broadband if you want fast connections; there will be heavy e-mail/internet use; a multi-user environment is required; and/or instant access (no waiting to dial) is an absolute necessity.

All of the broadband connections require a special modem/router to connect to your computer, via a network card installed in your computer. This is more sophisticated than just hooking a modem up to a phone line, as in a dial up connection, but should not be a factor in discouraging you from venturing in this direction.

Steps to making a decision:

Step 1 - Assess needs

Dial up

Advantages

- Very cheap - sometimes free
- Less security hazards
- Access the Internet from any analog phone line

Disadvantages

- Very slow downloads and uploads
- Must dial in every time you want to use it

Broadband

Advantages

- Always on
- Very fast downloads and uploads
- Multiple PC connections are available without much speed degradation

Disadvantages

- More expensive
- Less secure - additional hardware/software firewall is strongly recommended
- Requires more equipment outside of computer case
- Not available everywhere
- Not portable

Step 2 - Assess Cost (based on average home consumer pricing)

- *Dial up* - \$0-25 per month depending on your calling plan. (Slow!)
- *ISDN* - pay by the minute - plus a monthly access charge. (Not fast enough for the cost involved)
- *DSL* - depends on access speed. \$40/month for 640Kb/128Kb (download/upload) access speed. (Fairly quick – availability may be limited in your area)
- *Cable Modem* - \$40/month (\$10 rebate if you have cable TV). Availability is relatively good. Check with your local cable supplier. (Very fast – though speed can fluctuate)
- *T1* - \$1,000/month plus a sizable installation fee. Unless you're running a major business from home, this probably is not an option. (Extremely fast – speed guaranteed)

Please take into consideration – all prices are approximate. Check with the supplier in your area for availability and cost. All but the cable modem are offered by your local telephone company.

Step 3 - Place your order


Keep in mind that there are additional costs involved with broadband. The modem/router required is considerably more expensive than a standard 56k v.90 analog modem (Some vendors are offering great deals on equipment. Make sure you do your research in step 2). Also, since you are *always connected*, you are more susceptible to those less scrupulous

DID YOU KNOW?


Roth IRA Conversion Can Be Undone

Taxpayers who converted a Traditional IRA into a Roth IRA last year may want to consider recharacterizing it back into a Traditional IRA. A conversion from a Traditional IRA to Roth IRA is taxed on the value at the date of conversion. Due to the drop in value of the stock market, Roth IRAs that are invested in stocks may be worth substantially less than they were at the time of conversion. As a result, tax would be paid on income that, in effect, disappeared. This can be avoided by recharacterizing the Roth IRA back into a Traditional IRA.

Alternatively, taxpayers also may wish to recharacterize their Roth IRA if they determine, prior to filing their income tax return, that their adjusted gross income exceeds \$100,000, thus making them ineligible for a Roth IRA conversion.

Recharacterization must be done prior to the tax return filing due date, including extensions – October 15, 2001. Once a Roth IRA is recharacterized, it can no longer be reconverted from a Traditional IRA into a Roth IRA for 2000. However, 30 days after the recharacterization, it can be converted into a Roth IRA for 2001. 

individuals who would like nothing better than to scramble your hard drive. It is highly recommended that you install some kind of firewall. These come in many different flavors, so some additional research will be necessary.

If you follow the steps, choosing between Internet connections isn't difficult. However, should you have any questions, please call Holtz Rubenstein Technology Services, Ltd. Director Anthony Romano at 631-752-7400, extension 255 or go to www.hrts-ltd.com. 


Ease the Burden of Higher Education Bills

If you have a child in college, paying for it can seem like a monetary mountain that you won't be able to climb. However, do you know the tax credits that are available to you?

Lifetime Learning Credit. This credit allows you to claim 20% of the first \$5,000 in education expenses (a \$1,000 maximum credit) paid for all students in the family enrolled in an eligible institution. The Lifetime Learning credit is phased out for taxpayers with modified AGI between \$40,000 and \$50,000 (between \$80,000 and \$100,000 for joint filers).

Hope Scholarship Credit. You're allowed a credit of up to \$1,500 (100% of the first \$1,000 in tuition, 50% of the second \$1,000 in tuition) for your dependent children who are students, but the credit applies only to a student's first two years of post-secondary education. The Hope Scholarship credit is subject to the same phase-outs as the Lifetime Learning credit.

Education IRA. Eligibility for education IRAs phases out for single taxpayers with modified AGI between \$95,000–\$110,000, and between \$150,000–\$160,000 for joint returns. If you qualify, earnings accumulate tax-free and there will be no tax on withdrawal if the money is used for qualified education expenses. If the money in your Education IRA is not used (or rolled over into another education IRA) by the time the child is 30, the beneficiary will be taxed on the earnings and owe a 10% tax penalty.

These credits are mutually exclusive. Be aware that for each student, you can only elect to use one of the credits in any given year. 

DFK International

When you call our offices you hear us welcoming you to “Holtz Rubenstein DFK.” What is DFK? DFK International is the worldwide association of independent accounting and business advisory firms in which Holtz Rubenstein is actively involved. Through our affiliation we are able to provide enhanced services to you, and to other clients throughout the United States and the world.

Beginning this month, the HR Adviser will spotlight a “DFK Website of the Month” to let you get a better understanding of the organization and its members.

The first website in our spotlight is **DFK International**. We invite you to log onto **www.dfkintl.com**. Then tell us what you think. 

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Notable & Quotable

specializing in medical, disability and life insurance, as well as 401(k) plans. The conclusion of the meeting was that firms that fail to “develop” additional services will “decline” in value to their clients as well as in their ability to provide services in general.

Audit partner **Howard Weiner** has been nominated to the Board of Directors of the NYSSCPA.


As tax time gets closer, our tax partners get busier – talking to the media! **Arnie Haskell** was heard on Bloomberg Radio discussing the steps taxpayers should take after they receive their W-2 forms.

In addition, **Alan Weiner** answered various tax-related questions recently in the *Daily News*, *Crain's New York Business*, and *Newsday's* Family Finance column. *Newsday's* Business section also featured Alan in its light-hearted “10 Questions” feature. Among the questions was, “If not an accountant, what kind of work would you have done?” (Answer- reporter, writer), “What do you do when not working?” (Answer- travelling with wife Susan), and “What's your biggest pet peeve about Long Island?” (Answer- not having a bridge to get off the Island).

As a result of continued growth and expansion, Holtz Rubenstein is pleased to welcome new staff to our burgeoning firm. Less than six months after the formation of the employee benefits advisory company, Holtz Rubenstein Benefits Consulting (“HRBC”) is expanding.

Adam S. Rosenfeld has joined the staff, as Vice President of HRBC, responsible for the sale and management of group health and dental plans to Long Island companies. He has 13 years experience and earned a BA degree in economics from the State University of New York at Albany. **Preety Kathuria** joins us as a senior in our audit department, with 5 years prior experience in accounting. She holds a BBA degree in accounting from Hofstra University. Also in our audit department is **Jessica Jones-Nagle**, who recently earned her BBA degree in accounting from Hofstra University. Just in time for busy tax season, the firm added to our expanding tax department. **Lisa Bianca** comes to the firm after 11 years prior experience in accounting. She holds a BS degree in accounting from SUNY Oswego and an MS degree in Taxation from Fairleigh Dickinson University. Her new colleague is **Paul Garrett** who has a BBA degree in accounting from Hofstra University.

Please allow our partners to brag. Congratulations are in order to **Alan Weiner**, whose son, Ken, recently became engaged to his (Ken's, not Alan's) Syracuse University sweetheart Wendy. They met in 1987 in the SU bookstore and, after graduation, took to different parts of the country until about one year ago. Ken is the Director of Sales for American Hole-In-One, the nation's largest prize [e.g., the \$1,000,000 Birthday Game recently heard on WBLI-FM and WBAB-FM Long Island] insurance provider, based in Atlanta, Georgia and Wendy is the Director of Human Resources for The Thomson Corporation, a leading global e-information and solutions company serving the worldwide business and professional marketplace.

Also, tax partner **Tim Mulcahy's** daughter Tara received a certificate of appreciation from the Smithtown Superintendent of Schools for having her artwork displayed in the school district's annual calendar. 

This publication is designed to present matters of general interest relating to accounting, taxation and business management. It is not intended to constitute accounting or tax advice. Articles were written by the staff of Holtz Rubenstein & Co., LLP and the American Institute of Certified Public Accountants. Please consult your HR & Co. adviser before taking any specific actions.

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